

STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 2005-0004

WAIVER FROM THE SEAWATER INTRUSION CONTROL (SWIC) PROGRAM
GUIDELINES FOR THE ORANGE COUNTY WATER DISTRICT (DISTRICT),
GROUNDWATER REPLENISHMENT SYSTEM (PROJECT)

WHEREAS:

1. The State Water Resources Control Board (SWRCB), on October 23, 1997, adopted Resolution No. 97-097 which included adoption of *Seawater Intrusion Control Loan Program Guidelines* (Guidelines) which made funds available on a first-come-first-served basis;
2. A loan application was submitted by the District requesting funding for the Project;
3. The District has received a preliminary loan commitment of \$14.83 million from the SWIC Program by SWRCB Resolution No. 2002-0055;
4. The District has received a preliminary loan commitment of \$152.2 million from the State Revolving Fund (SRF) by Resolution No. 2002-0117;
5. The Guidelines state that a SWIC loan contract will contain a provision requiring the sale of future local debt to be on parity with, or subordinate to, the SWIC Program debt;
6. The SRF loan program allows an agency to subordinate a SRF loan to future local debt, provided that the agency meets the following requirements:
 - a) The agency has non-subordinate debt that is rated "A", or higher, by at least two nationally recognized rating agencies;
 - b) The agency pledges that net revenues available to pay the SRF loan are at least 1.1 times the current year's debt service on SRF loans; and
 - c) The agency agrees to pay the 20 percent state match amount for their loan in return for a zero interest loan;
7. The SWIC policy does not contain provisions for subordination of SWIC loans to future local debt; and
8. The District has requested that the SWRCB waive the SWIC policy requirement that all future local debt must be subordinate or on parity to any SWIC loans, and that the first two requirements for SRF loan subordination be applied to any future local debt for the Project.

THEREFORE BE IT RESOLVED THAT:

The State Water Resources Control Board:

Approves a waiver from the Seawater Intrusion Control (SWIC) Program Guidelines that will allow the District to subordinate any SWIC loans for the Project to any future local debt provided that:

1. The District's future non-subordinate debt is rated "A", or higher, by at least two nationally recognized rating agencies; and
2. The District pledges that net revenues available to pay the SWIC loan are at least 1.1 times the current year's debt service on SWIC loans.

CERTIFICATION

The undersigned, Clerk to the Board, does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on January 20, 2005.

A handwritten signature in dark ink, appearing to read "Debbie Irvin", written over a horizontal line.

Debbie Irvin
Clerk to the Board